

IN THE MATTER OF IDAHO POWER	)	
COMPANY'S PETITION FOR APPROVAL	)	CASE NO. IPC-E-08-23
OF CHANGES TO THE IRRIGATION PEAK	)	
REWARDS PROGRAM.	)	
	)	
IDAHO POWER COMPANY'S PROPOSAL	)	ORDER NO. 30717
TO RECOVER THE ANNUAL COST OF THE	)	
PROGRAM IN THE PCA.	)	

Commission issue a Notice of Modified Procedure with a 14-day comment period to process review of the Stipulation for the specific program changes. The Company requested that its proposal to recover program costs in the PCA be processed by a separate notice, beginning with a 14-day period for interested parties to intervene. Idaho Power suggested that, after the intervention period, the parties discuss an additional procedure to consider the cost recovery issues and present those issues to the Commission.

The Commission granted Idaho Power's Motion to separate consideration of the Stipulation from the Company's proposal to recover Peak Rewards Program costs through the PCA. On December 3, 2008, the Commission issued two different notices. A Notice of Application and Notice of Modified Procedure informed interested parties of the Stipulation and the proposed changes to the Peak Rewards Program, and invited written comments to be filed within 14 days. The second notice, containing a Notice of Application and Notice of Intervention Deadline, invited interested parties to intervene and participate in the process to determine recovery of the program costs by Idaho Power.

The time period for filing written comments on the Stipulation and proposed changes to the Peak Rewards Program closed on December 17, 2008. The only comments filed were from the Idaho Farm Bureau Federation, urging approval of the program changes. The record on Idaho Power's Petition for approval of the Stipulation thus consists of the Petition and Stipulation, the written testimony filed by Idaho Power and the Irrigators, and the Farm Bureau comments. The Commission has reviewed the record and in this Order approves the Stipulation and the proposed changes to the Peak Rewards Program. Recovery of program costs is not yet before the Commission, and so is not part of this Order.

The agreement for settling Idaho Power's 2007 general rate case provided that interested parties would meet to review the existing Irrigation Peak Rewards Program and discuss possible modifications. See Order No. 30508, p. 8. Accordingly, Idaho Power hosted a workshop to explore possible changes to the program. Representatives from the Company, Irrigators, and Commission Staff attended the workshop. Subsequent discussions were conducted by telephone conference calls, all of which resulted in the Stipulation filed by Idaho Power in this case.

Under the Peak Rewards Program as it exists, the Company installs timers on a customer's electrical panel controlling irrigation pumps at the metered service point. The timers

are set to interrupt specified irrigation pumps on a designated weekday or days as selected by the customer. Service is interrupted during the hours of 4 p.m. to 8 p.m. on one, two, or three regularly scheduled weekdays for each week during the program season.

The Stipulation provides for a new dispatchable interruption option to be added to the program. Under this option, Idaho Power will dispatch service interruptions remotely to specified irrigation pumps any weekday during the program season between the hours of 2 p.m. and 8 p.m. Service interruptions may last up to 4 hours per day but will not exceed 15 hours per calendar week or 60 hours per program season. The Company is obligated to provide customers with notice of pending service interruption by 4 p.m. on the day prior to each service interruption. First-year participation in the dispatchable interruption option is limited to 1,000 metered service points.

The Stipulation also provides for changes to the incentive fees paid to participating irrigators. Participating customers will receive a financial incentive in the form of a bill credit applied to the monthly bills of June and July for each metered service point enrolled in the program. For the dispatchable interruption, customers receive a demand credit of \$4.65 per program kW, and an energy credit of \$.031 per program kWh. For the timer interruption option, customers receive a demand credit of \$3.15 per program kW for one weekday interruption, and \$4.65 per kW for two or three day interruptions. Energy credits are paid only for two weekday interruptions (\$.002 per program kWh) and three weekday interruptions (\$.007 per program kWh). The Stipulation also allows Idaho Power to charge installation fees depending upon the size of the irrigation system associated with the participating metered service point.

The testimony in support of the Stipulation demonstrates that the program changes broaden the availability of the program so that more irrigation customers will have the opportunity to participate. The current program is available only to customers with irrigation pumps having a cumulative horsepower rating of 75 or greater. The program as modified will allow all pump sizes to participate. The changes also reduce the number of weeks over which the program is available, from the three summer months of June through August to a six-week period, June 15 through July 31. The time period was shortened because the value of the load reduction capability of the program is its ability to reduce loads when the demand on the electrical system is at or near the annual system peak. Idaho Power's witness testified that "currently there is a near zero probability that Idaho Power's electrical system will experience a

annual system peak demand outside of the time period of June 15 through July 31.” Tatum Direct, p. 15. Thus, the program season was revised to align with the June 15 through July 31 period.

Idaho Power completed a cost-benefit analysis of the program and estimated a total benefit/cost ratio of 1.27 for the first year of the program. The Company’s analysis estimated a load reduction of 128 MW and a shifted energy amount of 5,152,800 kWh for the first year of the program. Using a demand-side management alternative cost of \$64.92 per kW per year, and the 128 MW estimated load reduction, the Company estimated the program will provide an avoided cost benefit of approximately \$8.5 million in its first year.

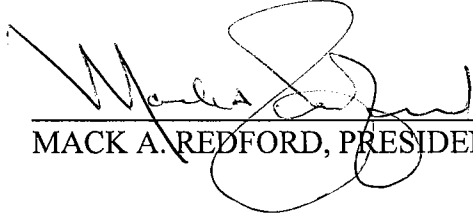
Based on the record in this case, the Commission approves the Stipulation and the proposed changes to Idaho Power’s Irrigation Peak Rewards Program. By increasing the availability of the program to more irrigation customers, and creating different interruptible service options, the program should enhance Idaho Power’s ability to reduce load demand during the summer peak period. The program changes are supported by all who participated in the workshops, including the irrigation customers who filed testimony in support of the program changes. On this record, the Commission finds the program changes to be fair and reasonable, and we approve the program changes as set forth in the Stipulation.

### **ORDER**

IT IS HEREBY ORDERED that the Petition of Idaho Power Company for approval of changes to the Irrigation Peak Rewards Program is approved. The Commission approves the Stipulation filed with the Company’s Petition setting forth the changes to the Peak Rewards Program.

THIS IS A FINAL ORDER EXCEPT FOR THE ISSUE OF PROGRAM COST RECOVERY. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

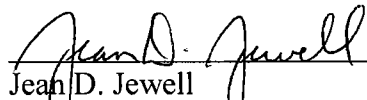
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 14<sup>th</sup>  
day of January 2009.

  
MACK A. REDFORD, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
JIM D. KEMPTON, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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